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The situation in Central America: progress in fashioning a region of peace, freedom, democracy and development

Letter dated 25 March 2015 from the Permanent Representatives of El Salvador, Guatemala and Honduras to the United Nations addressed to the Secretary-General

The Permanent Representatives of El Salvador, Guatemala and Honduras to the United Nations have the honour to inform you of the adoption of the Plan of the Alliance for Prosperity in the Northern Triangle, agreed by our Heads of State, regarding regional, social and economic development in our countries (see annex).

In this regard, we kindly request that the present document be circulated to the States Members of the United Nations, under agenda item 41.

(*Signed*) Rubén **Zamora**
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Permanent Representative of El Salvador

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Annex to the letter dated 25 March 2015 from the Permanent Representatives of El Salvador, Guatemala and Honduras to the United Nations addressed to the Secretary-General

[Original: Spanish]

The Northern Triangle: building trust, creating opportunities

Strategic actions by the Plan of the Alliance for Prosperity in the Northern Triangle: El Salvador, Guatemala and Honduras

The challenge we face

Emigration became an issue of particular importance in 2014, when there was a significant increase in the flow of unaccompanied minors arriving at irregular intervals in the United States. This emergency situation has led us to take immediate action in the short term and to suggest solutions to address the structural causes of the phenomenon.

The challenge we face is the lack of opportunities. The pace of economic growth in El Salvador, Guatemala and Honduras (the countries of the Northern Triangle of Central America) has been slow and has not brought any substantial change in the opportunities available to a predominantly young — and growing — population.

Such non-inclusive growth, the lack of opportunities and the spillover of violence and insecurity have become the major drivers of emigration from our countries. Homicide rates are three times higher than in the rest of Central America. The number of individuals who have decided to emigrate is five times higher than in the other countries of Central America. Nine per cent of the population has decided to emigrate in recent years.

Some 57 per cent of the population lives in poverty, with great variation from one region to the next. Northern Triangle countries are three times more vulnerable to natural disasters than the rest of Latin America.

Meanwhile, 65 per cent of the population of the three countries is under 29 years of age, and around 10 million are young people between 15 and 29 years of age. Thirty per cent of the population between 14 and 25 years of age, or 1.7 million young people, are neither studying nor working.

In addition, there are 91 births per 1,000 girls aged between 15 and 19 years. The high rate of teenage pregnancy is higher than the Central American average of 75 pregnancies per 1,000 women and the lower middle income countries' average of 47 per 1,000.

To address these challenges, the three countries have drafted the Plan of the Alliance for Prosperity in the Northern Triangle to coordinate and align our efforts over a five-year period (2016-2020) and enable individuals to put down roots in their own countries, through structural changes that provide economic opportunities and transform citizens' quality of life, primarily in the poorest and most vulnerable areas, from which the most emigration takes place.

One Alliance, three countries, three key partners

The Northern Triangle is a region with great economic potential, invaluable cultural assets and abundant human capital. Investing in its development has the potential to transform the structure of our societies and put us on the path towards inclusive and sustainable prosperity.

The partnership between the public sector, the private sector, cooperating partners and civil society is vital. Growth, job creation and an enhanced quality of life will be possible only if the private sector invests decisively and in a sustained manner in the region, our cooperating partners support our efforts and civil society participates and provides monitoring services.

The Plan of the Alliance for Prosperity in the Northern Triangle includes strategies for developing human capital, strengthening institutions, boosting productivity and enhancing security.

Developing human capital

To develop human capital, especially that of women, children and youth, measures will be taken to improve the coverage and quality of education, primary health care, sexual and reproductive health care and support for nutrition and early childhood development. In addition, housing will be built and improved and timely measures taken for the social and economic reintegration of returning migrants.

Malnutrition and delayed entry into formal education has serious effects on children's cognitive development and often affects their educational and career paths into adulthood. That is why nutrition, access to health care and early childhood care and development are the keys to bringing about significant changes in the quality of our human capital.

Approximately 7.4 million people will benefit from the expansion of maternal and child health and nutritional support coverage and the construction and updating of hospitals and health centres.

A million young people will receive support from sexual and reproductive health programmes through educational centres and the network of health services, and care for 260,000 children will be provided in alternative child care programmes and through the construction and renovation of schools and community centres at the nursery school level.

Access to and the quality of secondary, vocational and tertiary education will increase. Some 800,000 high school students will benefit from the construction and renovation of classrooms, alternative education offerings and the use of innovative technology.

One million young people will receive job training and benefit from the enhancement of vocational training centres, employment offices, instructor training and youth entrepreneurship programmes.

Some 150,000 teachers will be trained in priority areas and will benefit from improved systems for monitoring and evaluation and teaching career incentives. Some 300,000 young people between 14 and 18 years of age from priority zones will be connected with cash transfer programmes, with a focus on school retention.

Providing care and protection to returning migrants is a priority. Coordinated and comprehensive services will therefore be provided for them, in accordance with their rights and with a view to their social and economic reintegration. They will have better social protection, vocational training and labour integration.

People's housing and living conditions affect their quality of life, access to economic opportunities and social vulnerability. Access to housing and decent living conditions are therefore essential.

Some 220,000 families will benefit from new construction or the improvement of the housing stock. In addition, 71,000 families will be provided with access to safe drinking water, sewage services and electricity.

Measures provided for under this initiative include conditional cash transfer programmes with a focus on retaining young people of 14 to 18 years of age in school. This strategy will be linked with programmes targeted at youth to prevent teenage pregnancies, promote employment and prevent violence.

Experience with conditional cash transfer schemes shows that their effectiveness depends mostly on the quality of social services offered. It is therefore essential to expand the coverage and quality of educational programmes.

The Plan seeks to increase secondary education coverage from 73 per cent to 92 per cent by 2020 in priority zones.

Improving public security and access to justice

The issue of insecurity and violence will be addressed comprehensively. Prevention schemes will be strengthened through civic participation, the construction of safe spaces and support for vulnerable populations while ensuring that justice is accessible to all and ensuring compliance with all rights and responsibilities.

To improve public security and access to justice, the following lines of action are envisaged:

(a) Strengthening the judiciary and reducing the backlog of cases;

(b) Improving prisons and juvenile care centres;

(c) Expanding and strengthening the integrated care centres for victims; and

(d) Creating a community model for safety and crime prevention that focuses on improving living conditions, in particular for at-risk segments of society.

The above-mentioned measures will require improving the effectiveness of policing in terms of crime prevention and control and increasing the effectiveness of the judicial system in a manner that will allow for more timely action and improve citizens' perception of and confidence in that system.

The strategic actions of the Alliance include efforts to strengthen the judiciary. Some 70,000 police officers will be trained and changes will be made to the police education system in terms of the teaching staff, internal affairs management and the promotion of transparency and trust.

Criminal justice research institutions will be strengthened and technical, scientific and forensic tools will be updated more rapidly at the national level and in

priority zones. Greater efforts will be made to consolidate the fight against gangs and youth gangs (*maras*), drug trafficking, extortion and human trafficking, using the best international practices appropriate for the priority zones.

Progress will be made in reducing the backlog of cases and expanding the integrated justice centres, along with enhancing human resources and promoting alternative mechanisms for conflict resolution.

Community safety and social crime prevention programmes will be expanded. The initiative is designed to scale up programmes for community security and social crime prevention and strengthen the governance of prison systems, improving their infrastructure in order to facilitate social reintegration for those who have been deprived of their liberty and to ensure the enjoyment of their human rights, while eradicating crime within prisons.

Moreover, there are plans for a comprehensive intervention model to provide services for women who have been the victims of various forms of violence, particularly domestic and gender-based violence, and contribute to their economic empowerment.

Some 7.4 million people will benefit from the expansion of community safety programmes and local violence monitoring centres to promote coordinated work with communities and schools as well as improve public and community spaces.

The Plan is intended to reduce the homicide rate by approximately 10 per cent per year from 2016 to 2020 by increasing the number of justice system staff and reducing the backlog of cases.

The integrated care centres for victims will be expanded and strengthened in order to provide services in the areas of violence prevention, sexual and reproductive health and economic empowerment for 300,000 women and adolescents. Women's shelters will serve around 11,000 beneficiaries.

Efforts will be made to improve prisons and juvenile detention centres by developing new mechanisms to evaluate and classify inmates according to risk level and to transfer them to appropriate facilities, taking into account their risk level and the portion of their sentence that has been served.

Six new prisons and juvenile detention centres will be constructed and improvements will be made to the infrastructure and management of the 15 existing centres.

Around 10,000 young offenders will receive services through alternative programmes such as shelters for adolescents and centres for training, social integration and occupational placement. There will be a complete, effective and lasting ban on the use of communication systems (such as cellular phones and the Internet) by such offenders, except under the supervision of the management of the detention centre concerned.

Stimulating the productive sector

Priority lines of action for stimulating the productive sector are the promotion of strategic sectors and the attraction of investment; the promotion of regional energy integration; the strengthening of the regional integration process; and the improvement and expansion of infrastructure and logistics corridors.

The top priority is the promotion of strategic sectors and the attraction of investment. The Northern Triangle is the region with the thirteenth largest surface area in Latin America and has 30 million inhabitants. It is the ninth largest economy in the region, the ninth largest exporter and the fourth largest exporter of manufactured goods.

To attract investment, one-stop shop procedures will be introduced for registering investments, special economic zones will be created and the regional brand will be developed. To establish a broad market base and provide access to value chains, investment in logistics infrastructure will be complemented by measures to facilitate reliable, swift and low-cost shipping of merchandise.

Around 500,000 vulnerable families living at subsistence level in priority zones will benefit from financial, technical and technological assistance.

To stimulate the productive sector, the Plan is designed to increase gross domestic product growth by between 2.4 and 3.5 per cent and to create 600,000 new jobs by 2020. Improving operating conditions in the productive sector and reaching those in the most vulnerable socioeconomic situations will be fundamental to the creation of quality jobs.

To achieve this, coordinated action will be taken at the regional level to develop a broad market base, promote strategic sectors, reduce logistics times and costs and maximize the potential of each country in such a way as to bring about increased investment and greater integration with the rest of the world.

The lines of action will concentrate on policies and actions promoting strategic sectors such as tourism, textiles, light industry, agro-industry, forestry and high-value services, which will support the effective integration of micro, small and medium-sized enterprises (MSMEs) into value chains and will create quality jobs.

Approximately 180,000 business owners will benefit from MSME development programmes and the integration of MSMEs into production chains.

An estimated US$ 900 million will be made available to provide financing for MSMEs, particularly those owned by women and young entrepreneurs.

With regard to strengthening of the regional integration process, provision is made for trade facilitation and improved quality control, health control and veterinary and phytosanitary control systems in order to support the cross-border transfer of goods and strengthen the Central American Integration System.

With the establishment of a customs union between Honduras and Guatemala, peripheral customs posts will be set up and trade regulations and rules relating to tax and logistics will be harmonized, which will help maximize the potential of existing free trade agreements, particularly the Dominican Republic — Central America — United States Free Trade Agreement and the association agreement between Central America and the European Union.

Investment in technology and staff training will be prioritized in order to ensure the efficiency and effectiveness of border control procedures and the security of trade and migration flows.

The Plan contains provisions to promote regional electricity integration. To maximize our countries' competitive potential, it is essential to reduce the cost of electric power by means of regional energy integration and to expand generation

capacity and diversify the energy matrix in order to create economies of scale that make projects viable.

Strategic actions include expanding the Regional Electricity Market by promoting fair, competitive and transparent commercial transactions, improving regulation, concluding contracts that result in competitive prices and doubling the capacity of the Central American Electrical Interconnection System from 300 MW to 600 MW, which will require national efforts to increase transmission and adapt regulations.

Further progress regarding the gas pipeline connecting the region with Mexico will be made through the formalization of commitments and progress on the financial structure of the project.

The Plan provides for diversification of the region's energy matrix through legislative and policy changes and investment in renewable energy sources, such as wind, geothermal, biomass, gas and solar energy, and by providing incentives for energy efficiency. Under the Plan, energy costs will be reduced by 35 per cent by 2020.

Infrastructure and logistics corridors are a priority under the Plan, which is expected to reduce the costs of trading domestic products on the international market, consolidate the integration of regional markets and provide the productive sector with greater access to export markets by improving logistics infrastructure. That will involve investing in infrastructure and the priority logistics corridors as well as improving, expanding and increasing the number of those corridors.

The Plan contains measures to reduce the average time taken to transport goods across national borders by 80 per cent, from an average of 11 hours to less than 3 hours, through the improvement and construction of a total of 1,550 km of highways, the construction or rehabilitation and maintenance of priority logistics corridors, improvements to 2,500 km of rural roads and improved management at 10 border crossings.

Strengthening institutions

The Alliance's initiative includes measures to increase the efficiency and transparency of public administration. Results-based management and accountability are essential. The introduction of the highest international quality and transparency standards in Government procurement procedures, monitoring and supervision, and fiscal and financial planning will guarantee that our institutions are sustainable and inspire confidence.

The lines of action for strengthening institutions include enhancing tax administration, promoting the convergence of tax systems, increasing the transparency and effectiveness of public spending, introducing legislative reforms, taking action to combat tax evasion, and the streamlining and control of tax expenditure.

With regard to human resources management, tax administration structures will be reorganized and staff selection, management, evaluation and retirement procedures will be enhanced.

In the interest of simplifying tax systems, legislation will be drawn up and payment of taxes will be simplified in order to reduce uncertainty about tax

obligations. Information exchange agreements will be concluded between the three Alliance countries, the United States and other countries, and public records and regulatory frameworks will be strengthened.

Tax administrations will invest in services and actions that help taxpayers to fulfil their tax obligations and facilitate the process. They will also strengthen their human resources and take the necessary measures to eliminate corruption.

Transparency in budget, financial and information management will be essential. Investment will be made in improving and increasing the transparency and effectiveness of public spending through a holistic approach covering all public administration procedures.

Efforts will be made to promote the convergence of tax systems. To implement regional integration and trade facilitation processes, an agenda for standardization, harmonization, convergence and exchange at the administrative and regulatory levels will be required. Progress will be made in strengthening institutions and policies in order to improve regional collection of value-added tax and income tax.

To ensure the effectiveness of the State, the strategic actions planned include improving technical equipment and processes related to planning and implementation as well as ensuring accountability with regard to expenditure, procurement and tenders.

Additionally, the level of professionalism of the civil service will be increased by improving the quality and supervision of the selection, professional development, evaluation and retirement procedures for public officials. There will be increased decentralization, with increased financial and management capacities for local governments, together with higher standards of accountability and transparency and increased monitoring.

Implementation scheme

The Plan provides for a flexible mechanism that will be run by a dedicated institution and have an independent normative framework. Defined procedures will ensure efficiency, transparency and accountability in the use of financial resources. International best practices and standards will be followed, as they have been with the Millennium Challenge Corporation, which will ensure the participation of the private sector and civil society.

The priorities guiding the development of the implementation scheme will be investment in efficiency, monitoring and evaluation, institutional capacities, participation, local focus and transparency.

We, the three countries of the Northern Triangle, have committed ourselves and our resources to the implementation of the Plan.

However, the substantial resources required to overcome development challenges and to finance the actions included in the Plan exceed our financial and fiscal capacity as well as our capacity to borrow.

Therefore, the proposed objectives and goals can only be achieved through improved expenditure efficiency and increased fiscal resources to expand fiscal space; improved debt management; and active participation in our efforts with partner countries, the national and international private sector, multilateral organizations and development partners working in the region.